

Rombough, Kyrik

From: Gustafson, Brian
Sent: Tuesday, March 25, 2008 8:06 AM
To: Rombough, Kyrik
Subject: FW: Canadian Crude Oil

fyi

-----Original Message-----

From: Duvall, Ron
Sent: Tuesday, March 25, 2008 7:21 AM
To: Gustafson, Brian; Tollefsrud, Tim
Cc: Smith, Kim
Subject: FW: Canadian Crude Oil

Info for DENR concerning Hyperion...

-----Original Message-----

From: Arlene Curry [mailto:ArleneCurry@legrandrealestate.com]
Sent: Monday, March 24, 2008 10:51 AM
To: DENR INTERNET INFORMATION
Subject: Canadian Crude Oil

Dear Sir or Madam:

Thanks for your web site on the Hyperion Project. I live in Elk Point, and this link allows us access to detailed information not covered in the press. We are cautiously optimistic about the project, but are relying heavily on your expertise to assure as Gov. Rounds has promised, "no corners are cut."
The last issue of the Economist carried this article, which I bring to your attention. You may want to ascertain the impact on the Elk Point application.

Thanks

http://www.economist.com/world/la/displaystory.cfm?story_id=10853957



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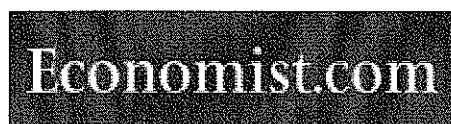
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Monday August 25th 2008

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Please buy our dirty oil

Mar 13th 2008 | OTTAWA

From *The Economist* print edition

A new American law could limit oil-sands production in Alberta

CANADIANS like to think that although they are the junior partner in their relations with the United States, the 174 billion barrels of proven reserves sands of Alberta provide a powerful ace up their sleeve in any dealings with energy-hungry neighbour. That belief has now been shaken by an America appears to prohibit American government agencies from buying crude from the oil sands of the western province.

The Energy Independence and Security Act 2007 did not set out to discriminate against Canada, America's biggest supplier of oil. But that is the effect of the federal agencies from buying alternative or synthetic fuel, including that from conventional sources, if their production and use result in more greenhouse than conventional oil. Transforming Alberta's tarry muck into a barrel of oil energy-intensive process that produces about three times the emissions of conventional light sweet crude.

Having woken belatedly to the danger, the Canadian government is now scrambling to secure an exception. Michael Wilson, Canada's ambassador in Washington, has written to America's secretary of defence, Robert Gates (department is a big purchaser of Canadian oil), stressing American dependence on Canadian oil, electricity, natural gas and uranium imports, and noting that the biggest players in the Alberta oil patch are American companies. Mr Wilson plaintively that both George Bush and his energy secretary, Samuel Bodman, publicly welcomed expanded oil-sands production, given the increased concern for American energy security.

John Baird, the Canadian environment minister, referred this week to the move when he unveiled new proposals to reduce industrial emissions in Canada including the oil sands, by 20% by 2020. Big states like California were making similar pronouncements, he told reporters. The oil sands were an important resource, but had to be expanded in an environmentally friendly way.

The fear in Canada is that the American purchasing restrictions, which at present apply only to federal agencies, is the start of a wholesale shift to greener and more protectionist policies under a Congress and potentially a White House

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by the Democrats. With energy exports, mainly from Alberta, driving the Canadian economy, this is not a happy thought for Canadians.

Yet environmentalists point out that Canada is now paying for its own foot-dragging at the federal level on green initiatives. Having signed the Kyoto agreement under a previous Liberal government, Canada did little to stop its emissions rising. They are now almost 35% above the Kyoto target. And although Mr Baird likes to describe his plan as tough, it will not bring Canada into line with Kyoto. The rules

for the oil sands, now the fastest growing source of greenhouse gases, have been finalised and will not come into force until 2010. Furthermore, they rely on capture, a promising but unproven technology.

The vagueness of the proposed federal rules did not stop the premier of Alberta, Stephen Stelmach, from giving a defiant warning that he will stand up for the interests of Albertans (read oil industry) and will be examining the constitution to ensure the federal government's proposed plan does not intrude on provincial jurisdiction. Alberta has one of the weakest environmental regimes in Canada.

Although the Canadian embassy says that there has been no official response to Wilson's letter, there are reports of talks going on in Washington aimed at addressing Canada's concerns. But even if a deal is reached with the outgoing Bush administration, any exception for Canada may be short-lived if green-tinged Democrats take the White House in November.

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